

# FY19 Investor Presentation

30 August 2019

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## FY19 Company Overview

**Grower, processor & distributor of organic dried vine fruit & 'better-for-you' products**

**\$60.1 m**  
revenue<sup>1</sup>



**4,895 ha**  
of land<sup>2</sup> over 12 farms in  
Sunraysia region



**68%**  
retail sales<sup>1</sup>



**2,081 t**  
dried vine fruit  
FY19 harvest

**24%**  
Australian dried vine  
fruit sales<sup>1</sup>



**67%**  
land available for planting<sup>4</sup>



**\$59 m**  
value of owned & leased  
farms<sup>3</sup>



**+5,000 t**  
target from owned DVF  
by 2022<sup>5</sup>

1. FY19
2. Includes 1,085 hectares of leased land and 3,810 hectares of owned land
3. Farms includes land, bearer plants, buildings and improvements, including those farms held for sale and under lease
4. Total planted land 1,263 ha and available plantable land – 2,557 ha
5. Based on theoretical organic DVF yields from existing plantings – Refer to slide 27

## FY19 Highlights

### Transformative year 1, solid foundation for the turnaround

\$ M	FY19	FY18	CHANGE
Revenue	60.1	68.5	-12%
Gross materials margin <sup>1</sup>	13.6	6.3	117%
<i>Gross material margin %</i>	<i>22.7%</i>	<i>9.2%</i>	<i>14%</i>
Operating costs & other items	(17.2)	(20.6)	-17%
Underlying EBITDA-S loss <sup>2</sup>	(3.6)	(14.3)	75%
Underlying EBIT-S loss <sup>2</sup>	(8.0)	(20.5)	61%
NPAT (loss)	(12.0)	(59.6)	80%

**+\$10.7m turnaround  
underlying EBITDA-S**

**2.5 x Gross Material Margin<sup>1</sup>  
improvement to 22.7%**

**17% reduction  
operating costs**

## FY19 Highlights

### Significant Achievements

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Delivered a major transformational turnaround in FY19, restructuring and resetting MRG for future sustainable growth:

- Achieved a \$10.7m turnaround in EBITDA-S, 2.5x improvement in Gross Material Margin and a major reset of all teams, operating model, systems and processes and go-to-market
- Significant margin improvement in the value-add business which will be further accelerated with new product innovation
- Launched “Growing Together Program” resulting in 15% increase in third party fruit intake
- Fifteen new branded products launched
- New partnerships in China as part of "Taking Sunraysia to Asia" growth strategy
- Significant improvement in DVF quality, from farms through to processing, enabling re-entry into targeted export markets
- Launched Project Magnum to create a vision for the future of 2,300 hectare development at Nangiloc and granted authority to grow low THC-cannabis (hemp)
- Major capital commissioning to improve factory capability and operations and to upgrade farms
- Launched new Five-Year Strategy to accelerate our growth agenda and position MRG as a leader in Organics
- Completed successful \$30.6m re-capitalisation and obtained a \$63.9m multi-option bank debt facility

## FY19 Highlights

### Transformation program highlights – new product launches

Launched 15 new SKUs over the last 6 months and established a new marketing capability to accelerate new branded product development. New launches include:

- Gobble Mini's and Flavoured Mini's launched with ranging in speciality retailers and online in China
- Premium Australian Clusters new gift box launched for Lunar New Year and other gifting occasions across a range of Asian markets
- Launched Pacific Organics Nut Free Muesli in Australia
- Launched Pacific Organics Flavored Coconut Oils in Australia



## FY19 Highlights

### Transformation program highlights – new ranging

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Ranged 22 new product lines from the Pacific Organics brand stable with Metcash

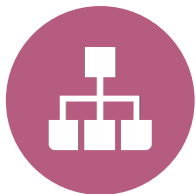




# FY19 Highlights - key achievements in first 12 months of our turnaround

## Initial phase of transformation program completed...key foundations in place

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### People

- Reset leadership structure and recruited new SLT
- Right sized teams across corporate & operations – 28 roles removed
- Restructured & replaced ~50% of corporate roles enabling new operating model
- Introduced culture of accountability & performance
- Improved OHS



### Capital

- Reset the balance sheet with \$30.6m capital raise
- Secured \$63.9m three-year multi-option bank facility
- Focused inventory management to reduce working capital
- Removed SGARA and implemented standard costing and improved controls



### Customer

- Launched new MRG branding
- Leveraged core organic dried vine fruit supply and launch of new branded SKUs
- Recruited new sales & marketing teams
- Detailed product portfolio & pricing reset
- Reset strategic customer partnerships



### Farms

- Secured hemp license
- New experienced agriculture and agronomy teams
- Irrigation infrastructure program at Colignan
- Major remediation works at Colignan and Gol Gol properties
- Launched 'Growing Together' program with Sunraysia growers
- 130ha greenfield development







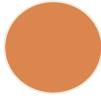







### Operations

- Restructured operations
- Transitioned pick n pack to South Park Drive facility
- Reduced SKU tail by +250 SKUs
- Introduced S&OP
- Improved service delivery and fill rates
- Enhanced NPD support capability

# FY19 Highlights

## Transformation program accelerating

	Previous goals	Progress	Focus for years 2 - 3	Progress	Key Metric
1	<b>Operations</b> <ul style="list-style-type: none"> <li>✓ Reset operating cost base in Dandenong – Project Muscat</li> <li>✓ Improve efficiency and fulfillment</li> <li>• Implement warehouse management system</li> </ul>		<ul style="list-style-type: none"> <li>✓ Reconfigure warehouse footprint</li> <li>• Implement Warehouse Management System</li> </ul>		>90% Fill Rate
2	<b>Customers</b> <ul style="list-style-type: none"> <li>✓ Restructure sales team</li> <li>✓ Full category range architecture &amp; pricing review</li> <li>✓ Improve customer management</li> </ul>		<ul style="list-style-type: none"> <li>• New product development</li> <li>• Brand development and planning</li> <li>• Entering new markets</li> </ul>		New products ranged Increased margins
3	<b>Farms</b> <ul style="list-style-type: none"> <li>✓ Complete Farm Operational Review</li> <li>✓ Work with agronomy partner to build farm plans</li> <li>✓ Implement centralised “farm services” model</li> </ul>		<ul style="list-style-type: none"> <li>• Improve nutrition, irrigation</li> <li>• Adopt best practice farming methods</li> </ul>		Improve yield performance
4	<b>3rd party suppliers</b> <ul style="list-style-type: none"> <li>✓ Build confidence in MRG as processor</li> <li>✓ Reset strategic partnerships</li> <li>✓ Launch grower program</li> </ul>		<ul style="list-style-type: none"> <li>• Partnering with growers</li> <li>• Enhance strategic buying</li> </ul>		Build confidence & sourced volumes
5	<b>Systems</b> <ul style="list-style-type: none"> <li>✓ Reset SGARA</li> <li>✓ Implement standard costing system</li> <li>✓ Improve stock &amp; purchasing controls</li> <li>✓ Improved sales and operational reporting</li> </ul>		<ul style="list-style-type: none"> <li>• Continuous improvement</li> </ul>		
6	<b>People &amp; culture</b> <ul style="list-style-type: none"> <li>✓ Leadership structure reset</li> <li>✓ Culture of values &amp; performance</li> <li>✓ Focus on OH&amp;S</li> </ul>		<ul style="list-style-type: none"> <li>• Build KPI, performance</li> <li>• Embed safety first culture</li> <li>• Develop our people &amp; leadership</li> </ul>		

# Resetting the strategy to realise our vision





## our vision

Leader in organic and better for you  
brands and ingredients.



## our purpose

We make organic and better for you products by farming and sourcing world class ingredients, because we believe everybody deserves sustainable and clean food.





1



**Leverage our agricultural footprint & flexible processing capabilities**

2



**Build a global organic & better for you ingredients business**

3



**Develop market leading, purpose-driven organic brands with exceptional product innovation**

4



**Disrupt the food market via strong relationships with customers & leading edge thinking**

5



**Drive process excellence to develop best-in-class operating model**

- Leverage our vertical integration & utilise existing farming assets fully
- Ultimately extend footprint through collaboration & partnerships

- Expand our global supply chain for organic ingredients
- Create an ecosystem which promotes the development of organic supply

- Become the go-to organic brand
- Deliver leading customer & consumer experience
- Create leading organic product innovation

- Organify & transform whole retail categories in the Australian & international markets
- Partner with retailers & distributors to drive the organic markets

- Invest in technology & processes which improve the quality of products, our efficiency and ability to supply



# Brand relaunch





**M**  
~  
**O** | **Murray  
River  
Organics**™





we choose  
organic.



our door is  
always open.



we innovate  
to regenerate.



Murray  
River  
Organics

our  
beliefs.

A philosophy to inform our values and influence our actions internally. Ensuring we remain authentic to our audience externally.



we believe  
size matters.



we put  
nature first.



we're stronger  
together.





# we choose organic.

We vote for the world we want with the choices we make, we choose organic. We believe everybody has the right to access healthy and tasty, nutritious, clean food. Better for you and the planet.





# we believe size matters.

Being big isn't necessarily a bad thing. Bigger means we can make a better impact. As Australia's largest producer of organic dried vine fruit we endeavour to use our size and scale for good.



# we put nature first.

We believe nature has the power to provide.  
We endeavour to work with her not against.  
By harnessing her power we are able to keep our  
environmental footprint small and our ingredient lists clean.



# our door is always open.

We have nothing to hide. Being organic ensures we can guarantee quality and traceability at every point of our vertically integrated ecosystem, offering our customers assurance that the highest environmental and organic standards are consistently met.





# we innovate to regenerate.

We are constantly striving to do better by people and planet. Innovation is driven to improve taste, nutrition and the natural environment moving towards a sustainable future for everyone.

A person wearing a red and blue plaid shirt and jeans is walking away from the camera down a path in a vineyard. A young child in a yellow shirt is sitting on their shoulders. The vineyard rows stretch out on either side, leading towards a distant treeline under a clear sky.

# we're stronger together.

We strive to understand the land where each of our products are grown. Working with our farmers and growers to champion the organic movement. Global or local we are stronger together.





1



**Leverage our agricultural footprint & flexible processing capabilities**

- Leverage our vertical integration & utilise existing farming assets fully
- Ultimately extend footprint through collaboration & partnerships

2



**Build a global organic & better for you ingredients business**

- Expand our global supply chain for organic ingredients
- Create an ecosystem which promotes the development of organic supply

3



**Develop market leading, purpose-driven organic brands with exceptional product innovation**

- Become the go-to organic brand
- Deliver leading customer & consumer experience
- Create leading organic product innovation

4



**Disrupt the food market via strong relationships with customers & leading edge thinking**

- Organify & transform whole retail categories in the Australian & international markets
- Partner with retailers & distributors to drive the organic markets

5



**Drive process excellence to develop best-in-class operating model**

- Invest in technology & processes which improve the quality of products, our efficiency and ability to supply

An aerial photograph of a vast agricultural landscape. The terrain is divided into large, irregular fields of varying shades of brown, tan, and green. Several small, dark blue ponds are scattered across the fields. In the bottom right corner, there are rectangular plots of vibrant green crops, possibly corn or soybeans. A semi-transparent dark grey rectangular box is overlaid on the center-left of the image, containing the text "Leveraging our agricultural footprint" in a white, serif font.

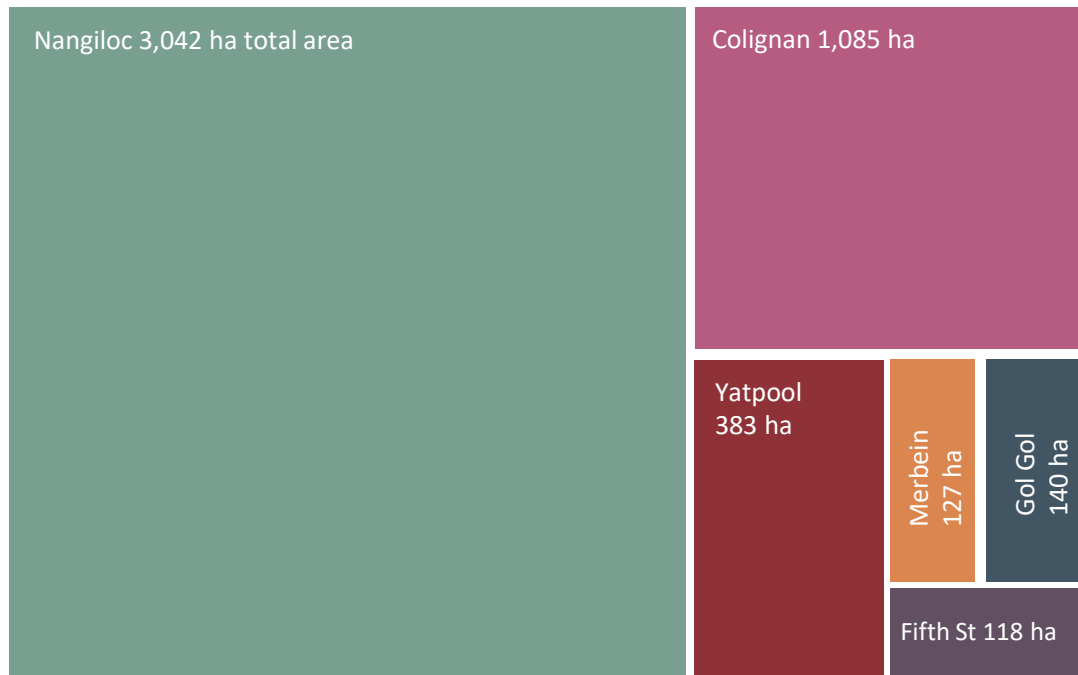
# Leveraging our agricultural footprint



## Leverage our agricultural footprint

### Over \$59M invested across 4,895 ha in farming properties (owned & leased)

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### Owned Properties:

#### Nangiloc

Organic certification obtained in Jan 2019 for development land -  
Conventional wine grape and citrus

#### Yatpool

Organic dried vine fruit, fresh table grapes and wine grapes

#### Merbein - 7 smaller farms

Six organic dried vine fruit

One conventional dried vine fruit

#### Gol Gol

Organic dried vine fruit and conventional citrus

#### Fifth Street

Conventional fresh table grapes

### Leased Property:

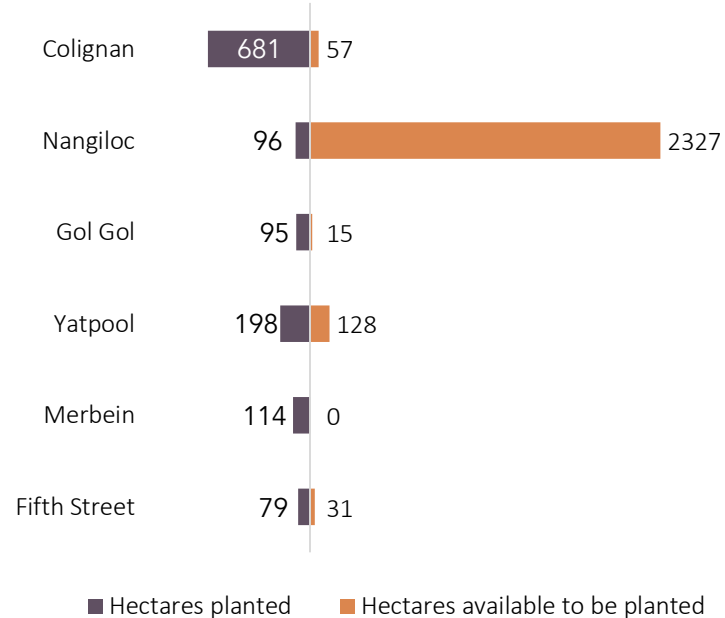
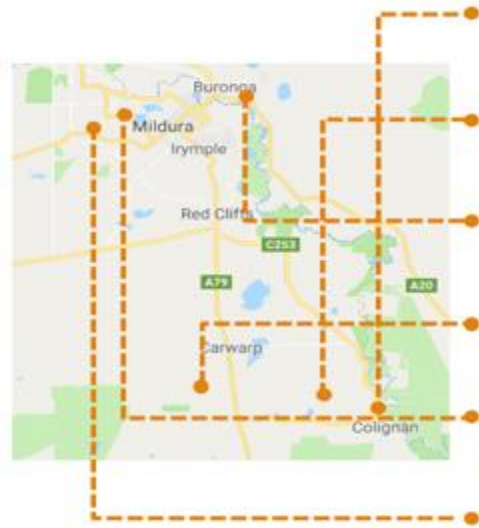
#### Colignan

Long term lease to 2042 with 2 x 10 year options

Organic dried vine fruit and conventional citrus

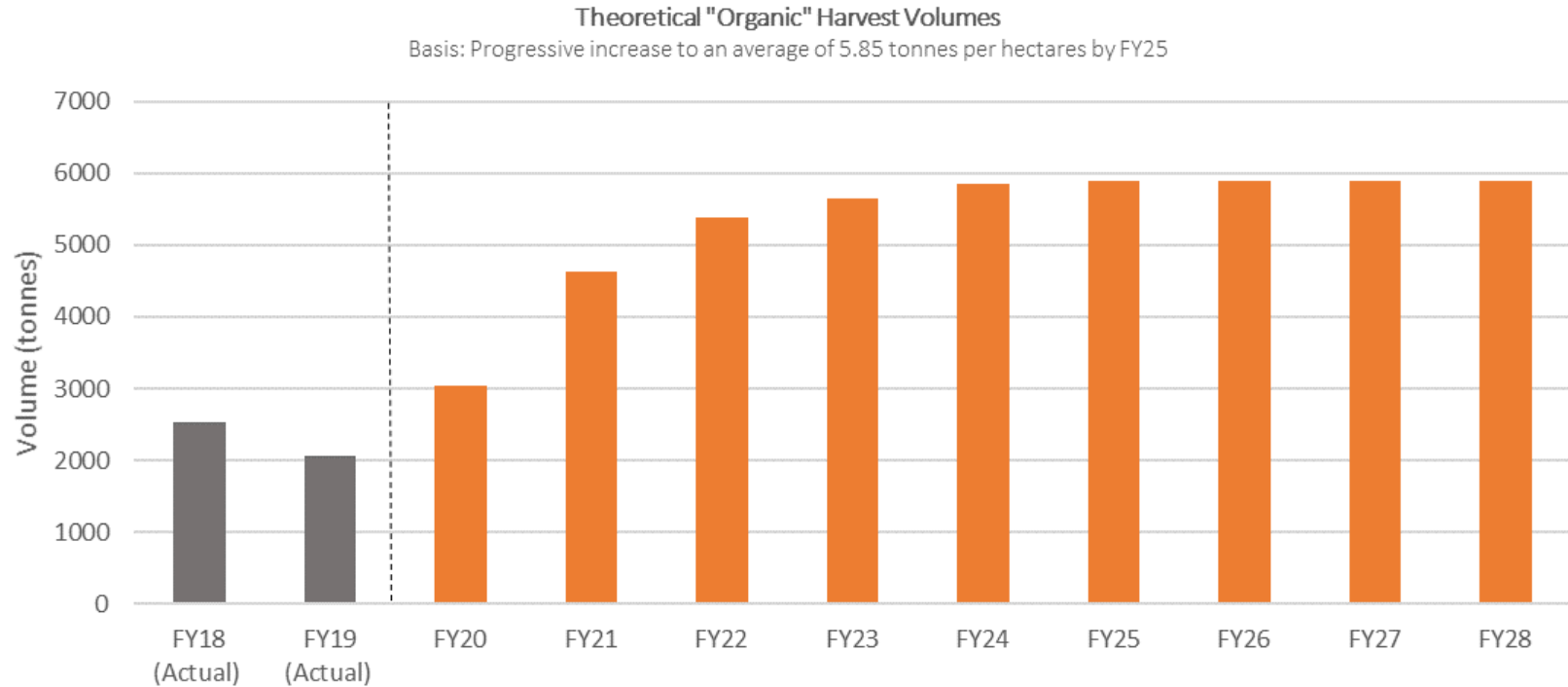
## Leverage our agricultural footprint

### MRG is the largest DVF grower in Australia with significant capacity



## Leverage our agricultural footprint

### Theoretical organic dried vine fruit yields

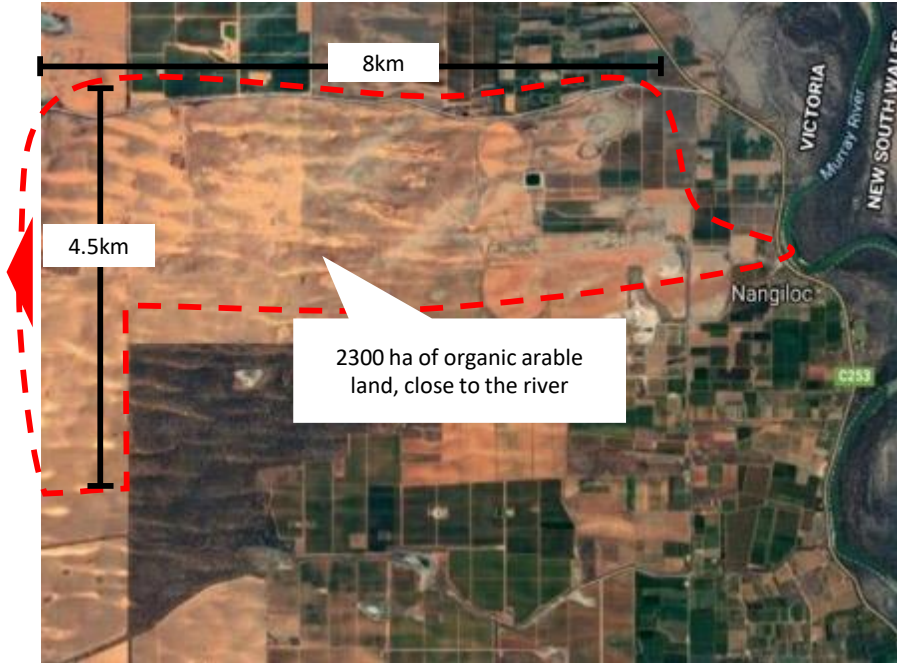


# Leverage our agricultural footprint – Project Magnum

## Opportunity to extend organic supply into a range of crops at Nangiloc property

**Nangiloc is our 2,300 ha arable, vacant & organic accredited property...**

Aerial view of Nangiloc property



**...& we have developed a short-list of crops which we could potentially plant**



**Attractive markets for annual crops**

- Hemp
- Lentils
- Chickpeas
- Sunflower seeds
- Oats



**Attractive markets for tree-crops**

- Dried vine fruit
- Dates
- Figs
- Table grapes
- Wine grapes
- Citrus
- Almonds
- Pistachios

**We are currently undertaking a study to determine the most profitable & commercially viable combination of crops to plant**



A scenic photograph of a sunset over a body of water. The sun is low on the horizon, creating a bright orange glow that reflects on the water's surface. The sky is filled with soft, colorful clouds in shades of orange, yellow, and blue. Silhouettes of trees and branches are visible along the horizon and in the foreground. A semi-transparent rectangular box is centered over the image, containing the text "Financial Performance" in a white serif font.

# Financial Performance

# Financial Performance

## Building on strong organics position across a range categories

### Farmed

#### Dried vine fruit (DVF)

Raisins  
Sultanas  
Currants

#### Fresh Produce

Citrus  
Table grapes  
Wine grapes

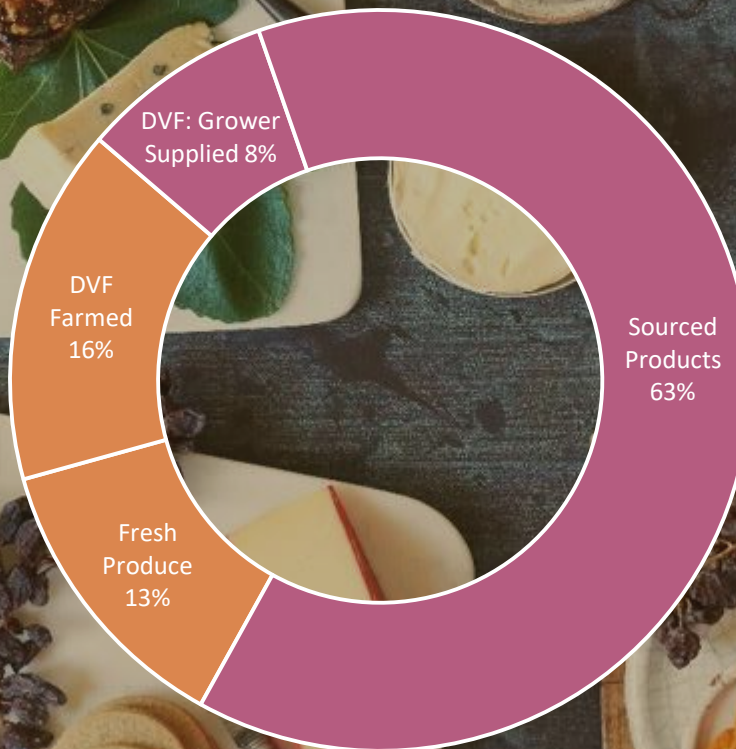
### Strategic sourcing

#### Dried vine fruit (DVF)

Raisins  
Sultana  
Currants

### Key categories

Nuts  
Dried fruit  
Coconut  
Seeds  
Dried berries  
Flour  
Grains  
Rice  
Oil



% of 2019 Sales

MRO Farmed

Externally Sourced

30



## Financial Performance

### Achieved a \$10.7m EBITDA-S turnaround

\$'000	FY19	FY18	Change	%
<b>Net sales revenue</b>	<b>60,072</b>	<b>68,539</b>	<b>(8,467)</b>	<b>-12.4%</b>
<b>Reported loss after tax</b>	<b>(12,036)</b>	<b>(59,607)</b>	<b>47,571</b>	<b>79.8%</b>
Income tax benefit	-	(1,896)	1,896	NMF
Finance costs	3,837	3,337	(500)	-15.0%
<b>EBIT (loss)</b>	<b>(8,199)</b>	<b>(58,166)</b>	<b>49,967</b>	<b>85.9%</b>
One offs/significant items	-	(37,846)		NMF
<b>Underlying EBIT (loss)</b>	<b>(8,199)</b>	<b>(20,320)</b>	<b>12,121</b>	<b>59.7%</b>
Less SGARA gain	174	(158)	332	NMF
<b>Underlying EBIT (loss) excluding SGARA</b>	<b>(8,025)</b>	<b>(20,478)</b>	<b>12,453</b>	<b>60.8%</b>
Depreciation and amortisation	4,457	6,198	(1,741)	28.1%
<b>Underlying EBITDA (loss) excluding SGARA</b>	<b>(3,568)</b>	<b>(14,280)</b>	<b>10,712</b>	<b>75.0%</b>

Unaudited non-IFRS financial table

NMF means Not a Meaningful Figure

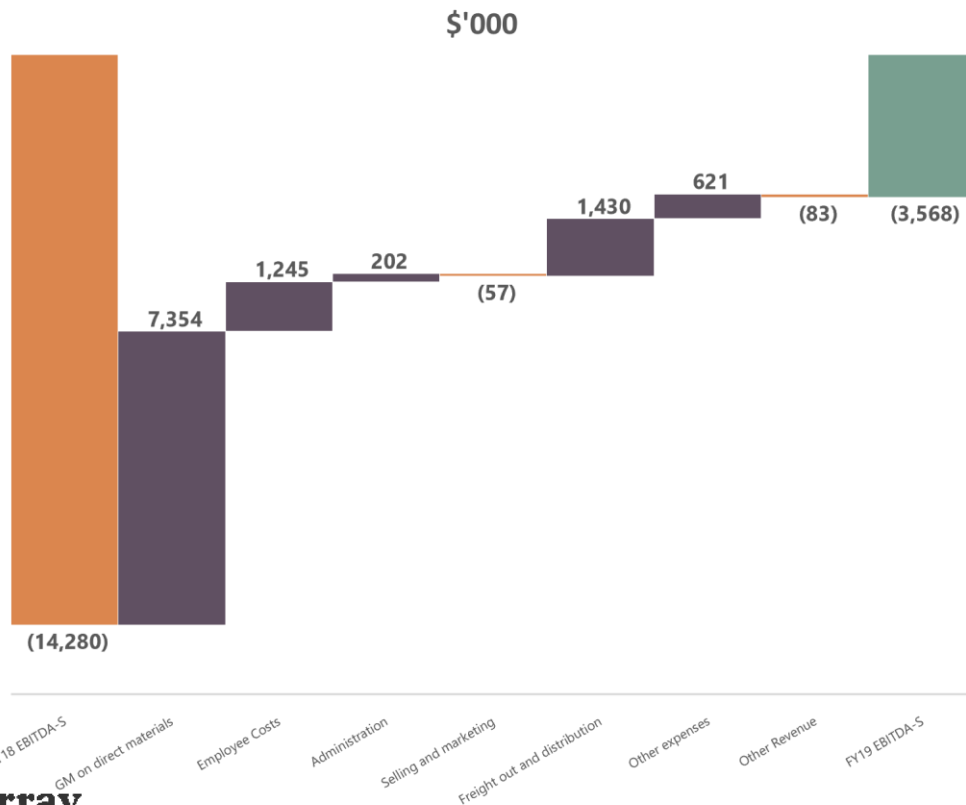
SGARA means fair value revaluation of Self-Generating and Regenerating Assets (agricultural produce)

#### Sales

- Sales impacted by cash constraints pre October 2018 capital raise
- Rebuilt retail sales and marketing teams with key focus on new product pipeline and improving margins
- Rationalised SKUs from 700+ to c300 to focus on
  - high growth categories; and
  - branded lines, rather than non value-added sales at unsustainable low margins
- Significant improvement in fill rates in 2nd half
- Reset the Wholesale and Industrial business and launched the “Ingredients Business”
- Good export sales demand, however constrained by supply and quality of clusters from 2018 harvest
- Fresh table grapes sales up 165% on the back of successful turnaround program
- Citrus sales up 61%, however 1st half margins below expectation due to legacy contract. Strong citrus sales in 2<sup>nd</sup> half due to additional crop harvested at healthy margins

## Financial Performance

### Reduced costs, better buying & pricing = \$10.7m improvement in EBITDA-S



- Gross material margin more than doubled (9.2% to 22.7%) and operating costs reduced by 17%
- Gross material margin uplift driven by improved strategic sourcing and new pricing architecture
  - Exit of non-profitable lines
  - Focus on branded sales
  - Improved sourcing of raw materials from new strategic sourcing team
- Improved yields and margins from fresh table grapes and higher citrus margin arising from earlier harvest (May/June 19) compared to LY
- Project Muscat cost savings program achieved key benefits during FY19
- Invested in upskilling operational teams and refocused marketing investment to drive branded sales in the coming years



# Balance Sheet

## Restructured Balance Sheet

New funding in place

Equity:  
\$30.6m

Debt  
Facility:  
\$63.9m

\$'000	Jun-19	Jun-18	Change
Trade and other receivables	10,518	6,729	3,789
Inventories	22,269	16,194	6,075
Trade and other payables	(8,741)	(11,825)	3,084
<b>Working capital <sup>(i)</sup></b>	<b>24,046</b>	<b>11,098</b>	<b>12,948</b>
Agricultural produce	2,054	2,621	(567)
Other assets	1,091	1,489	(398)
Asset held for sale	6,361	7,642	(1,281)
Owned land, buildings and bear plants	33,434	32,548	886
Plant, equipment, leasehold & leased assets	37,656	35,062	2,594
Net Borrowings - Bank	(41,982)	(44,868)	2,886
Net Borrowings - Colignan finance Lease	(26,233)	(24,422)	(1,811)
Provisions, deferred assets/liabilities & other	(991)	(1,195)	204
<b>Net assets</b>	<b>35,436</b>	<b>19,975</b>	<b>15,461</b>
Gearing - Bank Debt <sup>(ii)</sup>	118.5%	224.6%	

<sup>(i)</sup> Net bank debt divided by total equity

Unaudited non-IFRS financial table

Increased working capital needs reflects the annual stock harvest of DVF (owned and 3rd party) and impact on supplier terms of prolonged funding uncertainty

3 Year Multi-Option backing facility expiring 30 November 2021 – \$17m of \$55m available via staged drawdowns (excluding the equipment finance, bank guarantees and credit card facilities).

NAB facility drawdowns brought forward:

- addressing the adverse weather conditions on the FY19 harvest and subsequent reduced sales of DVF;
- additional farm remediation investments;
- seasonal operational capital for Fifth Street Farm, which is held for sale but has seen a strong turnaround in performance
- increasing supplier payments to better align supplier terms to meet customer demand

Fifth Street still held for sale but under review.

## Cash flows

### Investment in working capital to deliver business turnaround plan & grow

\$'000	Jun-19	Jun-18	Change
Underlying EBITDA-S	(3,568)	(14,280)	10,712
Dec/(Inc) in trade & other receivables	(3,731)	1,142	(4,873)
Inc/(dec) in trade and other payables	(3,277)	852	(4,129)
Dec/(Inc) in inventories & agri produce (net of FV)	(5,682)	12,450	(18,132)
Interest paid	(4,511)	(4,580)	69
Other items, one-off costs & non cash items	285	(8,832)	9,117
<b>Cash in/(out) flow from operating activities</b>	<b>(20,484)</b>	<b>(13,248)</b>	<b>(7,236)</b>
Capital expenditure	(5,296)	(13,586)	8,290
Business acquisitions	-	(2,626)	2,626
Net proceeds from sale of assets (PP&E)	1,617	717	900
Net proceeds/(repayment) borrowings	1,918	10,762	(8,844)
Net proceeds from capital raising	27,262	11,455	15,807
<b>Net increase/(decrease) in cash</b>	<b>5,017</b>	<b>(6,526)</b>	<b>11,543</b>
Net cash position at beginning of year	(3,802)	2,724	(6,526)
<b>Net cash position at end of year</b>	<b>1,215</b>	<b>(3,802)</b>	<b>5,017</b>

Unaudited non-IFRS financial table

Trade receivables – increase in May/June sales and timing of receipts from major customers

Supplier payments to better align supplier terms to meet customer demand

Inventory – increase to support FY20 sales growth

- Value of own grown DVF arising from late FH19 harvest, includes increase in farming costs
- Additional volume of DVF from third party growers

Capex predominantly vineyard development at Colginan and Yatpool, as well as citrus development at Nangiloc - \$4.3m

Commissioning and new infrastructure such as DVF blast freezer, colour sorter, water treatment systems, moisture monitoring probes.

Goal to improve working capital through better supplier credit terms as turnaround continues





# Summary and Outlook

# Summary and Outlook

## A transformative year

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### Highlights:

- \$10.7m turnaround in underlying EBITDA-S performance
- Reset strategy, business model and operating model
- Significant margin improvement was achieved in the value-add business which will be further accelerated with new product innovation

### Outlook:

- Global demand for organic dried vine fruit remains strong
- Growing a broad organic retail and ingredients business
- Target organic dried vine fruit yield growth from own farms ~2,000t in 2019 to over ~5,000t in 2022 (approximately \$30m in sales of own DVF in FY23 if market price is \$6/kg)
- Despite the lesser 2019 DVF harvest (due to poor weather conditions) resulting in less product to sell in FY20, we expect other operational improvements throughout the business in year 2 of the 3-year turnaround program to reduce the FY20 EBITDA-S loss to between the range of \$1m to \$3m





# Appendix 1: Market overview

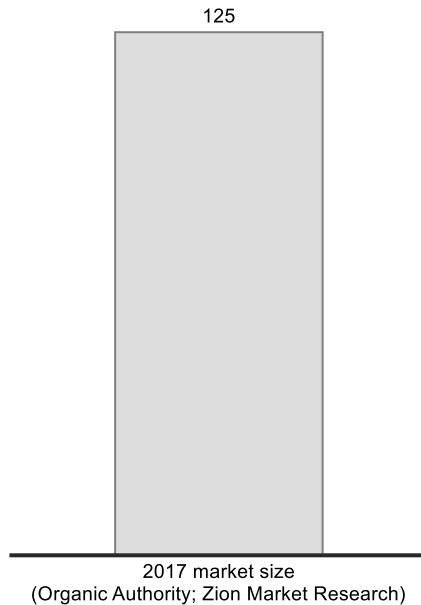


# Global Organics Market

## Internationally the organics market is \$100b+ and continues to grow

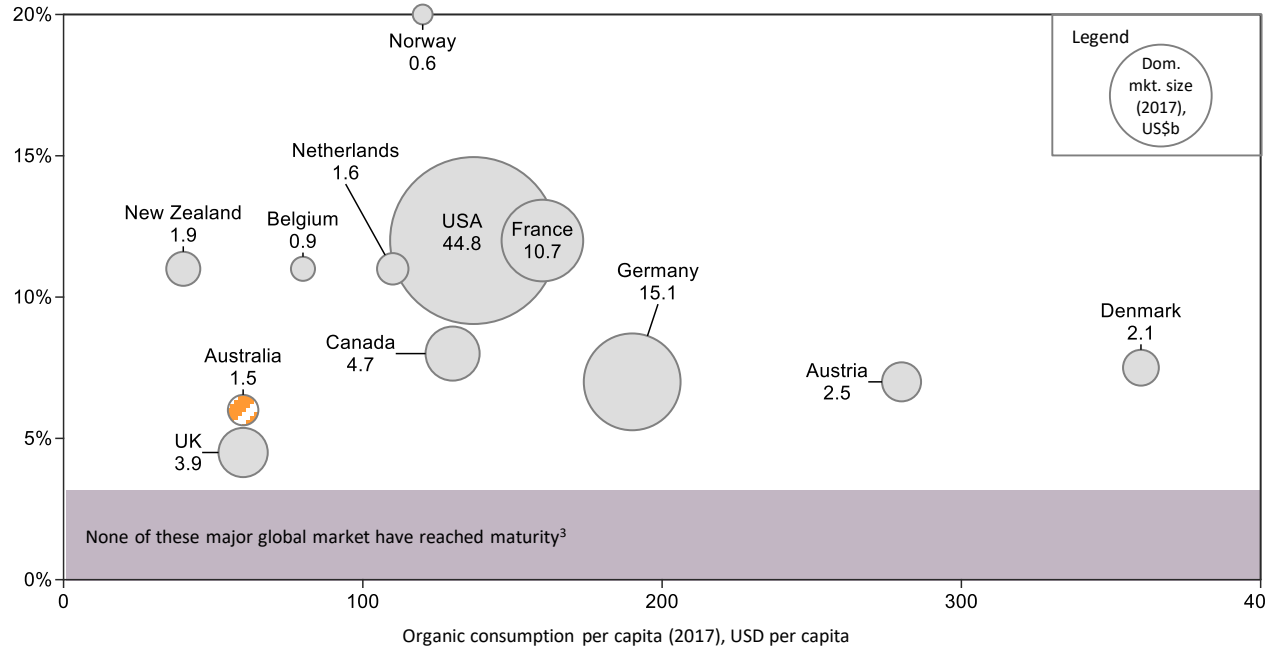
The global organics market is estimated to be \$100b+...

Global organics market 2017, US\$ billions



...with no major market currently at maturity

Growth of organic consumption per capita, % CAGR (2012-17)<sup>1</sup>



- Notes: Exchange rate of 1 EUR = 1.12 USD was assumed; [1] Where data was not available, 2011 and 2016 data was used; [2] Organic retail market excludes exports; [3] Mature markets tend to have growth <3% p.a.
- Source: Organic Authority; Zion Market Research; FIBL; Australian Organic Market Report (2018); Country statistical databases; Internal management research & analysis

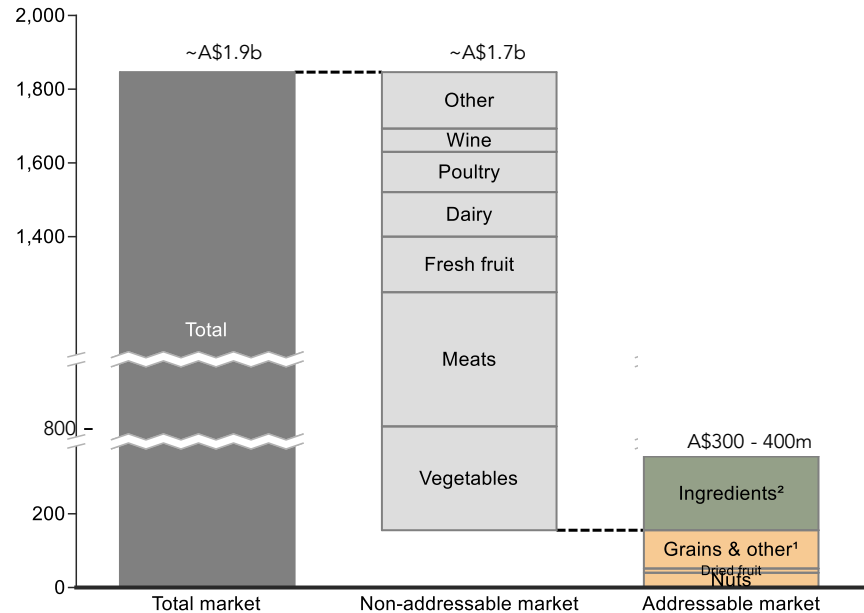
# Addressable Organics Market

## Domestically, the addressable organic market is large and growing fast

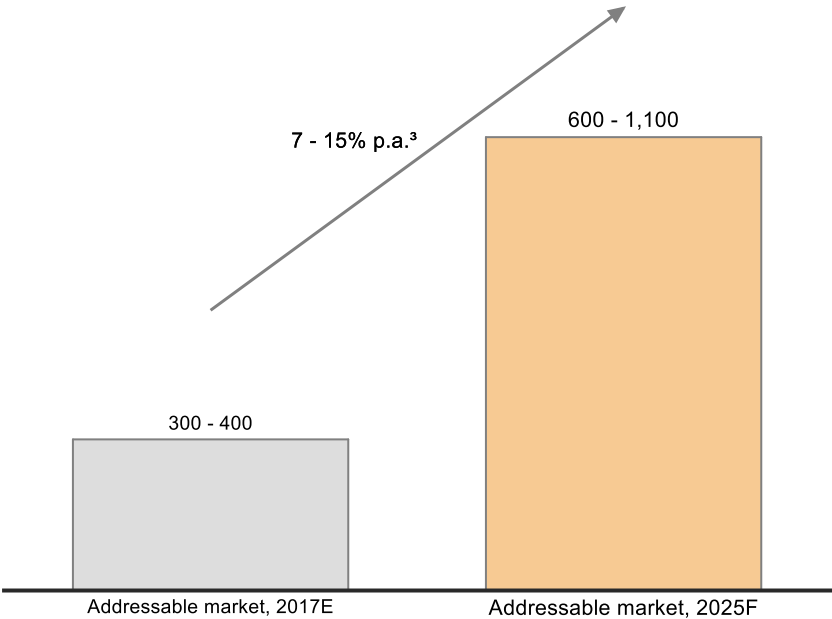
Our addressable market is a subset of the broader organics market and is worth ~\$300 – 400m...

...and is forecast to grow to \$600m – \$1.1b by 2025

Addressable Australian organic market (2017E)



Growth of addressable market, A\$ millions



# Addressable Market Size & Growth by Category

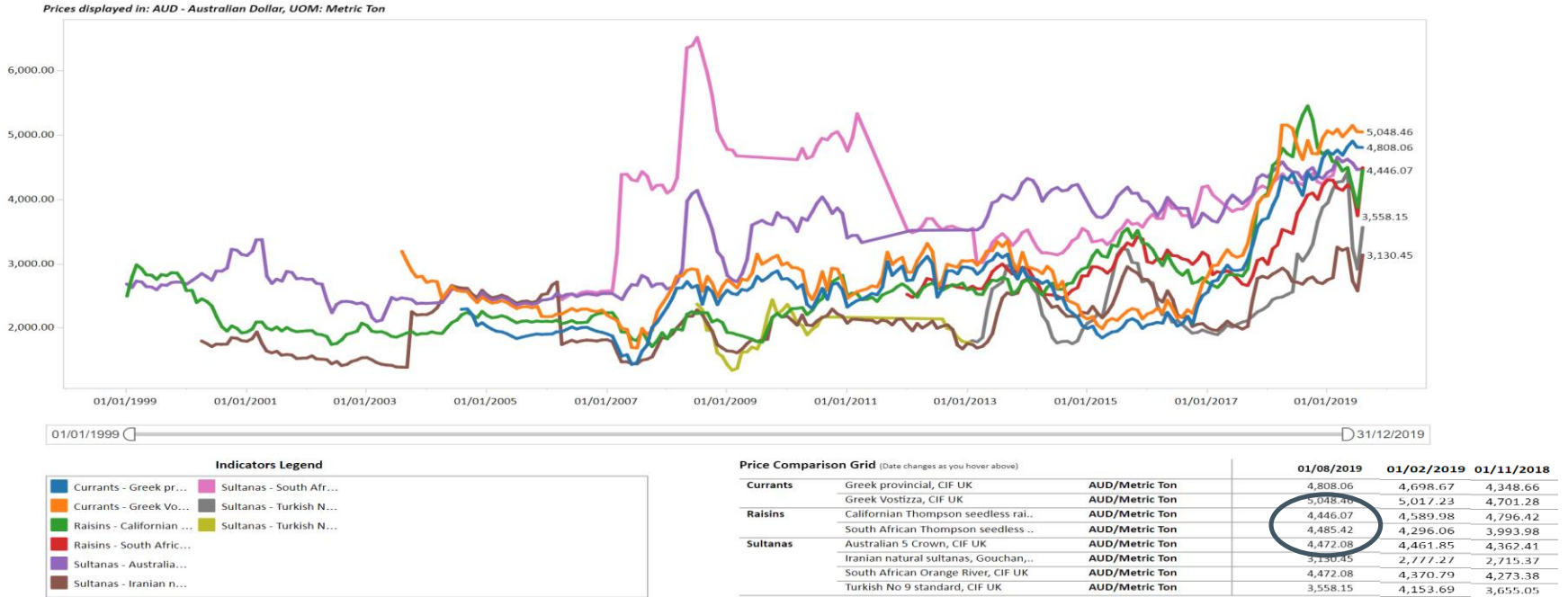
## Strong market growth for nuts, seeds, dried vine fruit & rice

Decreasing growth outlook <sup>2</sup>		Indicative future outlook <sup>1</sup> (2018F-23F)	Present Market AUD	Potential Uplift AUD (Multiple of '18 size)	Drivers of future outlook
	Coconut and coconut products	5 – 15% <sup>3</sup>	~185m	50-200m (1.3-2x)	<ul style="list-style-type: none"> <li>▶ Increased popularity of Asian cuisine</li> <li>▶ Growing Vegan population/dairy free alternative</li> </ul>
	Hemp	5 – 15% <sup>4</sup>	~10m	3-10m (1.3-2x)	<ul style="list-style-type: none"> <li>▶ Complete protein for plant based diets</li> <li>▶ Provides many benefits for health conscious lifestyle</li> </ul>
	Seeds	3 – 8% <sup>5</sup>	~190m	30-100m (1.2-1.5x)	<ul style="list-style-type: none"> <li>▶ Increased interest in ethnic cuisines</li> <li>▶ Deemed 'superfoods' attracted by health conscious population</li> </ul>
	Rice	3 – 7% <sup>6</sup>	~465m	75-190m (1.2-1.4x)	<ul style="list-style-type: none"> <li>▶ Easy to sell prepared and "ready to eat" quick 90 second packets popular for convenience. Brown rice due to health consciousness</li> </ul>
	Nuts	4 – 6% <sup>7</sup>	~1.6b	350-540m (~1.2-1.3x)	<ul style="list-style-type: none"> <li>▶ Growing demand for plant based foods</li> <li>▶ Increase in health consciousness</li> </ul>
	Dried vine fruit	4 – 6% <sup>8</sup>	~80m	20-30m (~1.2-1.3x)	<ul style="list-style-type: none"> <li>▶ Numerous health benefits for increase in health consciousness</li> <li>▶ Convenience of storage and shelf life</li> </ul>
	Other dried fruits	4 – 6% <sup>8</sup>	~125m	30-50m (~1.2-1.3x)	<ul style="list-style-type: none"> <li>▶ Numerous health benefits for increase in health consciousness</li> <li>▶ Convenience of storage and shelf life</li> </ul>
	Grains	2 – 5 % <sup>9</sup>	~105m	10-30m (~1.1-1.3x)	<ul style="list-style-type: none"> <li>▶ Increase in special diets reduce the limit of grains eaten</li> <li>▶ Numerous alternatives for your traditional grains (variety)</li> </ul>



# Global Raisin Market

## Raisin pricing for Australian crop has strengthened and is currently at parity with USA

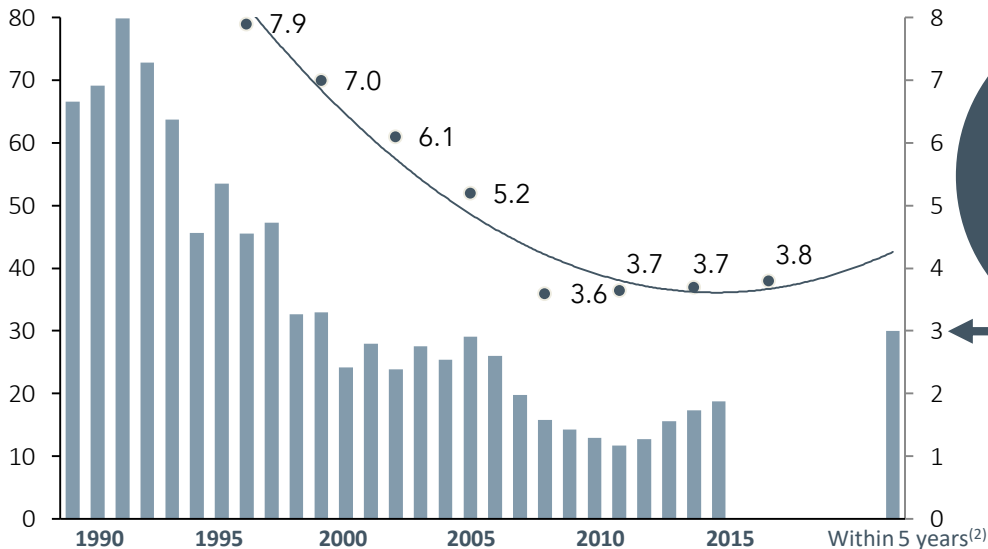


# Dried Vine Fruit Market

## MRO is the largest Dried Vine Fruit Grower in Australia

### AUSTRALIAN DRIED VINE FRUIT PRODUCTION MARKET

Domestic Production of  
Dried Grapes  
Kt



“Dried Fruits Australia (DFA) has a strategic vision for a profitable industry ...to be growing 30,000 tonnes within the next 5 years (2023)”<sup>(2)</sup>

### DVF GROWERS IN AUSTRALIA:<sup>3</sup>

Total DVF growers have reduced by 74% from over 1200 in 1997 to approx. 330 in 2018.

Over 90% of growers have less than 20ha planted.

Only 4 properties are over 40ha, 3 of which are MRO's.

Total ~3,839 ha planted in Sunraysia, of which MRO has +1,000 ha planted (~26 % share).

MRO is the largest grower in Sunraysia and;

MRO is the largest global organic DVF grower.

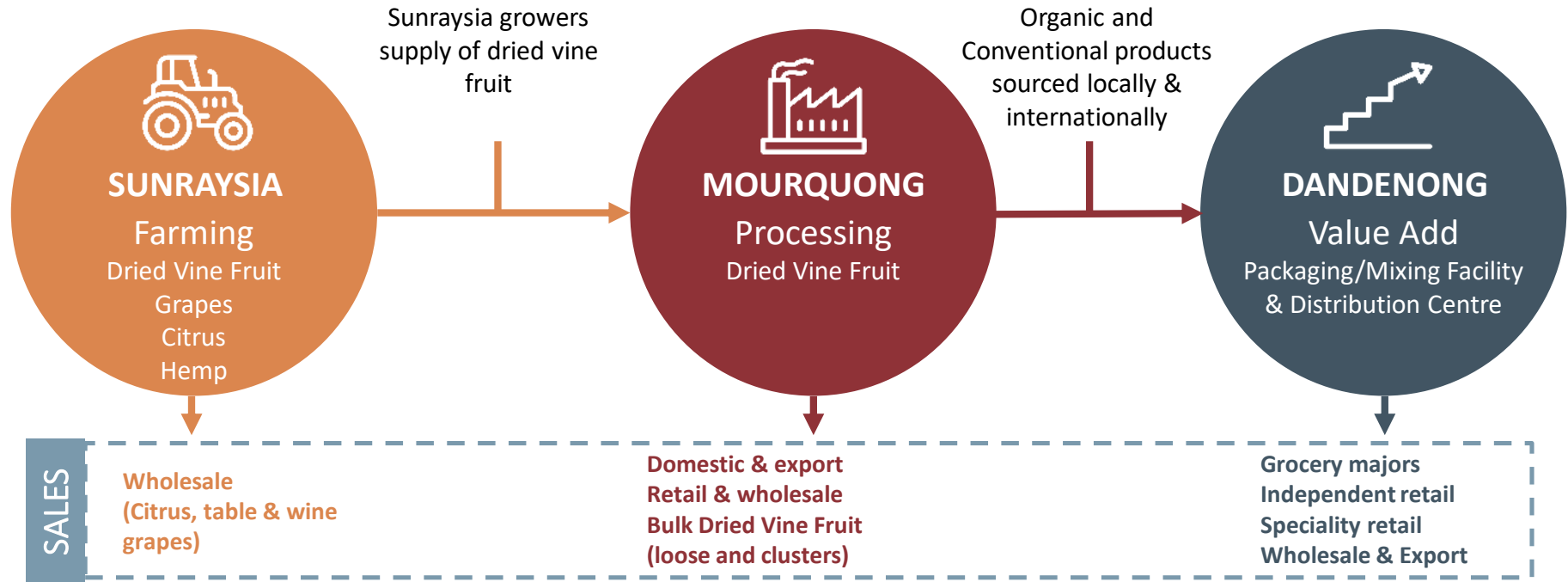


# Appendix 2: Business overview



## Business Model

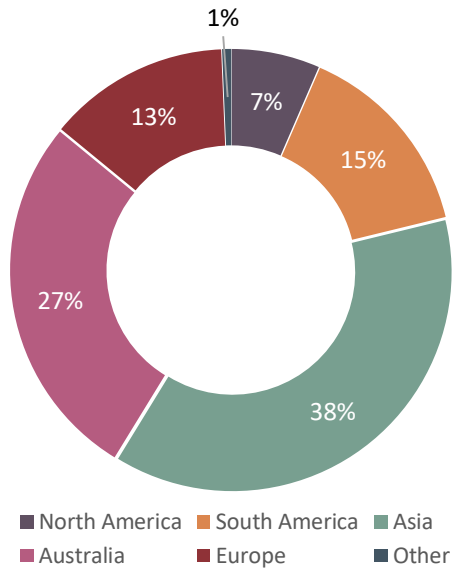
### Leveraging supply to grow a value-added products business



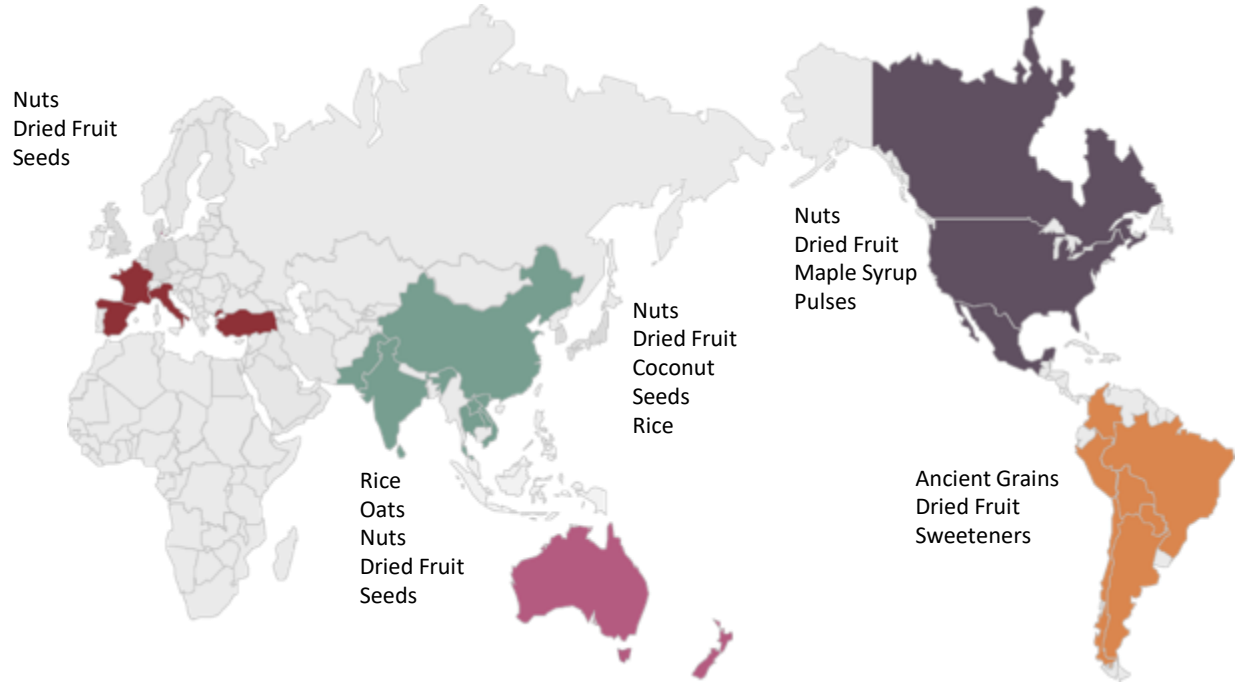
# Strategic Sourcing

## Establishing a strong global network of sourcing partners

Volume by Region FY19



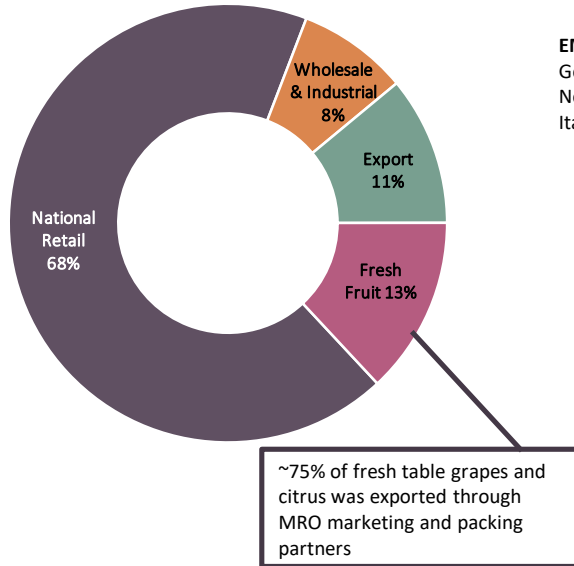
Established Sourcing Partners



# Customer Export and Growth

## Broad local customer base and strong focus on growing exports

FY19 Revenue



Existing Export Destinations <sup>1</sup>







# Appendix 3: Detailed Achievements

## Detailed achievements – People

### Significant investment in safety and enhanced team capability



- Recruited new executive team with extensive agri-business, FMCG and turnaround experience.
- Recruited new sales & marketing team with extensive FMCG/Retail/Wholesale experience and capability
- Recruited strategic sourcing team with extensive global sourcing expertise across key supply categories
- Strengthened farm management team
- Successful induction of new talent across the business
- Improved safety awareness and culture across all sites







## Detailed achievements – Domestic Customers

### Building momentum with Retailers

- Building strong relationships with major retailers in Australia
- Established strong marketing and innovation capability to accelerate new product development
- Ranged our Premium Australian Clusters with two major Australian retailers
- Ranged 22 new product lines from our Pacific Organics brand stable with Metcash
- Launched Pacific Organics Nut Free Muesli
- Launched Pacific Organics Flavored Coconut Oils
- Improvement in fill rates and delivery performance
- Established new pricing and costing disciplines resulting in fair returns and exit of non-profitable lines
- Secured 5 fruit and nut private label tenders





## Detailed achievements – International Customers Launched ‘Taking Sunraysia to Asia’ Program



- Reset our focus on export as key growth platform
- Improved international customer relationships
- Restored confidence in our reliability with supply
- Secured ranging positions for Premium Australian Clusters and Gobble
- Launched Gobble Minis and Gobble Flavoured Minis
- Extending our customer footprint with USA and European markets
- Launched “Sunraysia to Asia” and secured initial strategic partnership worth more than \$6.5m over the next three years and continue to secure long term supply agreement



# Detailed Achievements - International Customers

## Gobble and Premium Australian Clusters ranging in China and South East Asia



### China

- Gobble and Premium Australian Clusters ranging in Tier 1 cities
- Gobble Minis ranged in speciality retail
- MRO natural ranging in Tier 2 & 3 cities



### Japan

- Costco Japan ranging our Premium Australian Clusters
- Gobble ranging in major Japanese retailers
- Launch NPD in March at FoodEX
- MRO supply of organic bulk for local retail snacking segments for major retailers & convenience



### Taiwan & South Korea

- Gobble and Premium Australian Clusters in speciality retailers
- New ranging online and launch of Gobble Minis



### Vietnam

- Gobble & Premium Australian Clusters sales growth for Lunar New Year and other gifting occasions

## Detailed achievements – Farms

### Project Yield, three-year farm turnaround program launch – Colignan



- Major capital programs at farms with the replacement of Colignan end of life irrigation system
- Significant improvements with farm operations, however 18% lower DVF yield from previous season's harvest, primarily due to hot weather and impact of major irrigation replacement at Colignan by landlord
- Completed 130ha Greenfield development at Colignan
- Changed agronomy program with ongoing refinement for new season
- Replacement of tractors and sprayers on track for Q1 FY20



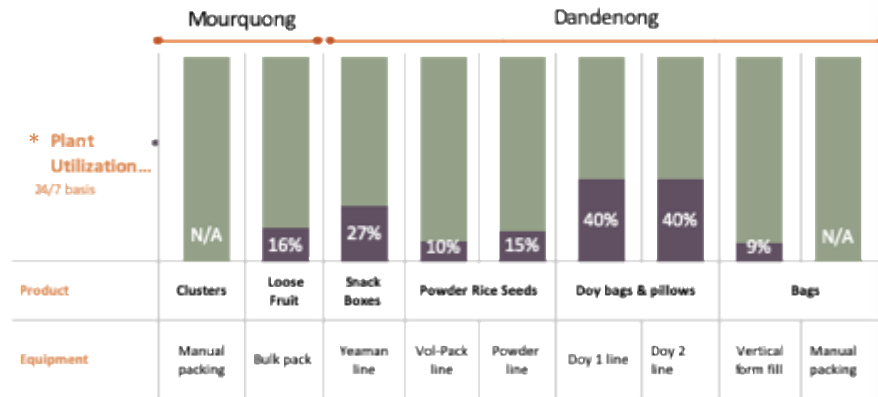




## Detailed achievements – Operations

### Our Dandenong manufacturing has achieved significant operational improvements

- Significant improvement in customer Fill Rates and productivity
- Developed "Nut-Free" capability for formulated product for allergy sufferers
- Development of Gobble Mini snack packs for export and domestic markets
- Demonstrated plant capacity with the highest output produced so far
- Improved plant OEE (Overall Equipment Effectiveness)



\* Plant Utilization estimates as June 2019

Facilities have extensive certification, including:



## Detailed achievements – Operations

### Improved manufacturing efficiency, safety and quality at Mourquong Operations



- Developed and implemented new quality and processing procedures to improve quality and service delivery
- Established S&OP across operations
- Completed Project Optima including commissioning of colour sorter, size grader and blast freezer equipment to improve customer lead times and quality
- Enhanced OHS capability, training and awareness across all Sunraysia sites







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